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SUBJECT: BLUE HOUSE AIDES SOMBER, READY FOR THE WORST

REF: SEOUL 3224

Classified By: A/POL Brian McFeeters. Reasons 1.4 (b,d).

¶1. (C) Summary: Poloffs recently met with working level Blue House policy advisors Jo Su-jeong and Kim Tae-hwan who said that morale in the Blue House was low since the Prosecutor's Office cleared Lee Myung-bak of all charges related to the BBK stock-manipulation scandal December 5, but that there was still much to be done. Despite the near certain victory for conservative GNP candidate Lee Myung-bak on December 19, they said Roh still expected all his staff to work hard until the last day of his term. End Summary.

¶2. (C) In earlier discussions, Kim and Jo had indicated to poloff that Roh supporters were working on the independent campaign of Moon Kook-hyun; they now said that most Roh followers were not engaged in the presidential campaign. Some had left office to prepare to run in the National Assembly elections on April 9, 2008 and those still left in Seoul were preparing the president's move from the Blue House to Roh's hometown in Kimhae. In addition to preparing his home in Kimhae in southeastern Korea, Roh was also busy creating a library at Kimhae's Inje University and was looking to rent a residence in Seoul. Kim said Roh had told staff that he wanted to review all of his papers after he left office to see what he could have done better.

¶3. (C) The two aides said the construction on the Roh compound, complete with a visitor's center and buildings for guests and security would be completed in early spring. The rebuilding project at Roh's birthplace must be done by then since Roh must move his personal items out of the Blue House one week before the new president will be sworn in on February 25, 2008.

Assessing Roh, Anticipating Lee

¶4. (C) The self-proclaimed "Roh-sa-mo" (fervent Roh supporters' group) members said that Roh had "made no policy mistakes" during his tenure and that historians would judge Roh favorably. Also, Kim said multiple times that while Lee would win the presidency December 19, for the liberals "opportunity would come again soon" once people realized that Lee could not deliver on his campaign promises to dramatically improve Korea's economy.

15. (C) To fellow Roh supporters in his home district of Masan, Kim said he told them to "go ahead and vote" for Lee Myung-bak, but to remember clearly what Roh and Kim Dae-jung had done for Korea in the last ten years. If they did this, they would then compare it positively to what Lee was about to do. The two were certain that the last ten years of liberal rule would then be remembered favorably. Five percent economic growth under Roh, while lower than many hoped for, was stable, sustainable growth. If Lee instituted all his campaign promises, the Korean economy could see short-term growth, but would likely suffer in the long run.

Bureaucratic Reform

16. (C) Mr. Jo said the Roh administration had changed the way government jobs were filled. In the year he had been in the Blue House, he received numerous requests to give friends or family members government jobs in return for cash. He turned down all the requests and insisted that was the normal practice in the Roh Blue House -- a significant change from the past when it was common knowledge that the personnel system was wide open given the right Blue House connections and sufficient personal funds. The two said that Lee Myung-bak would be a "dictatorial" leader and would run the country and the bureaucracy more like the authoritarian regimes of the 1970s and 1980s than recent presidents. Mr. Jo allowed that Lee would not be able to transform Korea back into a dictatorship because of all the progress Korea had made in the last 20 years. However, Lee would attempt to roll back many of the improvements the Roh administration had put in place.

17. (C) Roh Moo-hyun made the presidency approachable, conducting town meetings and showing people the president was just another person. This was a positive development and it contributed to a reduction in the power of the presidency, but it had also led to some of Roh's unpopularity, since many people wanted a strong leader above the common people. Lee would likely interact less with the public and return to past practices that made the president less accessible to the average person.

BBK Conspiracy Theory

18. (C) Kim and Jo said that the prosecutor's investigation of the BBK scandal had been incomplete. Mr. Kim said he had hoped that the investigators would be impartial. He had not expected the prosecutor's office would "help" liberal candidate Chung by linking Lee definitively to the scandal. However, he was shocked that the prosecutors ignored publicly available evidence linking Lee to BBK and did not follow up on Lee's past public statements admitting his connection to BBK. They said they were suspicious that the prosecutors were pulling for Lee Myung-bak. The theory is understandable, they said, given the fact that prosecutors are subject to the executive office, and may have feared retribution if Lee were elected even after a report from the prosecution implicated him in the scandal.

Former Police Chief

19. (C) According to Kim and Jo, the way the press covered former Roh advisor Huh Jun-young, who recently detailed the problems with the Roh administration, was a prime example of how the press was biased against Roh Moo-hyun and his support group, the so-called 386ers. In a recent article, Huh claimed that Roh aides had switched from "soju to whiskey in two months" implying that the heretofore humble staff members had started drinking whiskey and enjoying the high life once they came to power. Huh was a Blue House advisor under Roh and then head of the National Police. He left government in 2004 when police killed two farmers during a protest.

¶10. (C) Recently polofffs met Huh and he proudly introduced himself with a Lee Myung-bak election campaign business card. Kim said that when Huh was in the Blue House, he did not have first-hand knowledge of what the 386 staff members were doing since Huh did not work directly with any 386 staffers. Regardless, Huh had drunk more whiskey than anyone. Kim and Jo agreed that responsible journalists would not highlight a non-credible source, now working openly for the GNP candidate and this example proved that the press was out to get President Roh.

¶11. (C) In past meetings the two aides expressed some optimism for the April National Assembly elections, but at this meeting, much of that was gone. Mr. Jo said he expected the UNDP to break up in January 2008 while Mr. Kim believed the party would stay together. Regardless, they agreed that the liberals would have a difficult time in the April 2008 elections and could have trouble winning even 100 seats out of 299.

Comment

¶12. (C) While the mood in the Blue House appears somber given the seeming inevitability of a conservative victory not only in the presidential election on December 19, but also the National Assembly election in April, progressive followers appear confident that the public will quickly become disillusioned with a Lee Myung-bak administration. Progressives in the Blue House and National Assembly alike appear content to wait patiently for the public to recognize the positive developments achieved under the progressive Kim and Roh administrations.

¶13. (C) It is likely that progressives will focus on negative campaigning from December 20 and utilize their strong position in the National Assembly (over half the lawmakers belong to the UNDP or the left-wing DLP) to go after Lee through special investigations. While progressives in the Blue House and National Assembly appear ready to wait a few years before regaining control of the government, it is unlikely that they will do so quietly.
VERSHBOW